

December 8, 1997

Mr. Michael Lichtenstein  
Lowenstein, Sandler, Kohl, Fisher & Boylan  
65 Livingston Ave  
Roseland, NJ 07068-1971

Re: Our Insured : **Marmon Holdings, Inc.**  
Policy : USL 13397900; Effective 10/1/84-10/1/85  
USL 13397901; Effective 10/1/84-10/1/85  
Suit : Coeur D'Alene Tribe vs. Asarco, Inc. et al.

Dear Mr. Lichtenstein:

TIG Insurance Company (TIG) is in receipt of the captioned suits. We also confirm issuance of the referenced policies to Marmon Holdings, Inc. by our predecessor, Transamerica Premier Insurance Company.

Please be advised that the entities named in the suit, which you represent, namely Group R Co., Inc. and Golconda Corporation are not listed as insureds under the referenced policies. Before making a coverage determination, we must be provided with definitive evidence that these entities are related to the named insured and are entitled to any benefits of the subject insurance policies. Please provide said documentation at your earliest convenience.

Notwithstanding the foregoing, please be aware that the referenced policies provide coverage only in excess of underlying limits of insurance. Policy USL 1339-7900 provides limits of \$2,500,000 part of \$25,000,000 per occurrence and in the aggregate, excess of underlying limits of \$23,000,000 excess of various primary limits. Policy USL 1339-7901 has limits of \$2,000,000 part of \$50,000,000 excess of \$48,000,000 in excess of primary insurance. No coverage could apply or defense be provided for any claim until after the underlying limits are exhausted. This is stated in the following provisions contained in both policies:

I. Excess Insurance Hereunder

As respects occurrences taking place during the policy period, the Company hereby agrees to afford such additional liability insurance as the issuer of the Underlying Policy specified in the Declarations would afford by increasing the amount of each Underlying Policy limit listed in the Declarations to the amount shown opposite such Underlying Policy limit in the Total Limits column; provided that liability shall attach to the Company (a) only in excess of Underlying Policy coverage which is subject to a limit listed in the Declarations, and (b) only after the issuer of the Underlying Policy had paid or has been held liable to pay the full amount of the

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applicable limit of the said policy, and (c) only as respects such additional amounts in excess thereof as would be payable by the issuer of the Underlying Policy if the said policy were amended as aforesaid.

At this time, we do not have an obligation to defend or indemnify this suit since, to our knowledge, the underlying carriers have not exhausted their limits. If the underlying carriers have denied coverage for this suit, please provide us with a copy of their denial letters.

Also note the following policy provision:

## II. Maintenance of Underlying Insurance:

It is a condition of this policy that the Underlying Policy be maintained in full effect during the period of this policy except for the reduction of any aggregate limit contained therein solely by payment of claims for occurrences which take place during the policy period of this policy. If the Underlying Policy is canceled prior to the end of the policy period of this policy, as shown in the Declarations hereof, the effective date of cancellation of the said Underlying Policy shall be the end of the policy period of this policy.

This policy is subject to the same warranties, terms and conditions (except as regards the premium, the obligation to investigate and defend, the amount and limits of liability and the renewal agreement, if any, and except as otherwise provided herein) as are contained in or as may be added to the Underlying Policy prior to the happening of an occurrence for which claim is made hereunder and should any alteration be made in the premium for the Underlying Policy, then the premium hereon shall be adjusted accordingly.

If the Underlying Policy was not maintained except for a reduction in limits due to the payment of claims, then the referenced Transamerica policies may not provide any coverage for this suit.

Also, the referenced policies are subject to the same terms, conditions and provisions of the Underlying Policy. Said policy was issued by National Union Fire Insurance Company. TIG expressly reserves the right to assert the conditions, exclusions (including exclusions for damages due to pollution) and any other rights we have under the Transamerica and Underlying Policies in the event we are called upon to provide defense or indemnity for this loss. This includes the right to deny coverage entirely if the loss is determined to fall outside the scope of coverage of the policies.

We note that the plaintiff's demands to the defendants are unstated. We suggest the notification of all of the insureds excess liability carriers in order to fully protect Marmon Holdings interests in this matter.

Please keep us apprised as to the future disposition of this claim. We ask that you provide periodic updates in the event of new developments which could affect our layer of coverage.

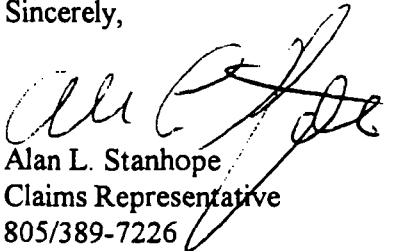
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We would especially desire notification if it becomes apparent that the underlying limits may exhaust.

Neither this letter nor any action taken by TIG Insurance Company shall operate as a waiver or modification of any terms, conditions, limitations, exclusions, monetary limits, deductibles, retentions or other provisions of the policies issued by Transamerica to Marmon Holdings, Inc. In addition, we reserve our right to amend any position taken herein in the event new information is developed or obtained which may bring the claim within the scope of coverage under the policy.

Please feel free to contact the undersigned should you wish to discuss this matter further.

Sincerely,



Alan L. Stanhope  
Claims Representative  
805/389-7226

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